

Attachment 3

Appendix H—Project Stages, Milestones, and Deliverables

Each of the two Phases of this project, as defined in RFP Section 3.4, shall consist of several stages. For each project Phase, the Prime Contractor shall adhere to the stages, milestones, and deliverables described in this **Appendix H**.

Further, within each Phase, a percentage of the implementation costs for that Phase as bid in **Appendix L**, the Cost Proposal, shall be paid to the Prime Contractor within five (5) working days of each of the Payment Events as specified below. Stage IX, Post Implementation Evaluation; Corrections; and Support Certification Process, shall be an exception to this payment timeframe; payment for Stage IX shall be made 90 calendar days after implementation of all services in scope for that Phase, assuming that all Stage IX milestones and deliverables have been accepted by DCH and assuming the Prime Contractor is substantially performing all of the services in the scope of that Phase at that time.

Also, shared implementation costs from **Appendix L** shall be deemed to be part of Phase I, Medicaid and PeachCare for Kids, if they are incurred by the Prime Contractor prior to October 1, 2002; otherwise, they will be deemed to be part of Phase II, SHBP and BORHP.

Payment Events

Contract execution: 5 percent

Acceptance by DCH of all milestones and deliverables in:

Stage	Percent of Implementation Costs
Stage I:	9 percent
Stage II:	10 percent
Stage III:	10 percent
Stage IV:	10 percent
Stage V:	8 percent
Stage VI:	8 percent
Stage VII:	10 percent
Stage VIII:	10 percent
Stage IX:	20 percent*

* **NOTE:** Five percent (5%) of the final 20% payment will be withheld pending HCFA certification of the MMIS.

Detailed work plans should be developed to include stages, milestones and deliverables as follows:

Stage I:

Initiate Project

During Stage I, the Prime Contractor will perform the following activities:

- Establish the project team that will be responsible for reviewing and defining all project requirements;
- Establish reporting requirements and communication protocols between DCH contract staff;
- Establish a temporary facility in Atlanta, Georgia to house the Prime Contractor, subcontractor staff, and equipment needed for the Implementation Stage activities;
- Prepare and provide for DCH approval, a detailed implementation plan based on the work plan provided in the Prime Contractor's proposal **within 10 business days of contract signing**;
- Provide DCH with a list of the project management and automated analysis, design, development, and testing tools (i.e., CASE) to be utilized by the Prime Contractor and obtain DCH approval of the tools;
- Provide documentation of the development and testing methodology to be utilized during the implementation stage and obtain DCH approval;
- Install project management and automated analysis, design, development, and testing tools on the DCH system for use by state staff during implementation;
- Track and manage all change requests that evolve during the implementation stage;
- Prepare and provide, for DCH approval, a complete checklist matrix for data repository(s) hardware and software installation, network operations, system development activities, training activities, interface operations, including the utilization of the interface engine, documentation activities, functional operations, and data conversion activities;
- Develop and provide, to DCH for approval, a preliminary plan for conversion of all DCH data;
- Prepare and provide, to DCH for review and approval, a comprehensive testing approach and plan for the entire DCH system and operations;
- Develop preliminary data security, disaster recovery, and backup and recovery procedures;
- Prepare and submit preliminary cost allocation plan to DCH for approval and submission to HCFA; the cost allocation plan must address the separation of any additional administrative costs associated with processing claims for Medicaid, PeachCare for Kids, and SHBP/BOR eligible members;
- Prepare and submit, for DCH approval, plans or procedures to be implemented for system change management;
- Work with DCH and their designated agent to integrate DCH re-engineering plan into implementation schedule and checklist;
- Incorporate re-engineering plans in overall technical and operational planning, provide for extra resource requirements as necessary, allow ample time for a coordinated information systems and re-engineering installation that is implemented in parallel and work effectively with any re-engineering contractor that is selected by the DCH; and,
- Conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Milestones

At a minimum, the following milestones have been identified for Stage I:

- Establishment of the temporary Prime Contractor and subcontractor implementation facility in Atlanta, Georgia;
- DCH approval of project management and automated analysis, design, development, and testing tools;
- DCH approval of the detailed implementation plan including an integrated re-engineering approach;
- DCH approval of system development and testing methodology;
- DCH approval of preliminary conversion plan;
- DCH approval of preliminary data security, disaster recovery, and backup and recovery plan;
- DCH approval of preliminary cost allocation plan;
- DCH approval of checklist matrix for implementation activities;
- Establishment of a data center;
- ~~Operability of televideo conferencing equipment at DCH~~ and;
- DCH approval of testing methodology and approach to system and operational testing.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage I:

- Detailed implementation plan including an integrated re-engineering approach;
- Detailed work plan, using project management software tool, identifying major stages, milestones, and deliverables;
- Development and testing methodology;
- Checklist matrix for implementation activities;
- Preliminary conversion plan;
- Preliminary data security, disaster recovery, and backup and recovery plan;
- Preliminary cost allocation plan;
- Preliminary plan/procedures for system change management; and,
- Weekly project status reports of project performance based on the work plan.

Stage II:

Define/Finalize DCH User Requirements; Develop Functional Design

During Stage II, the Prime Contractor (with subcontractors) will perform the following activities:

- Conduct a detailed requirements analysis for all DCH components and document findings;
- Update the detailed implementation plan, including integrated re-engineering approach, based on the findings of the requirements analysis and obtain DCH approval for the changes;
- Establish facilities for all local DCH components, including furnishing the facilities, installing hardware and software, and establishing all required telecommunication linkages. This includes providing connectivity to the Georgia Online Network (GO NET), as well as coordinating the DCH design with the DCH/DOAS internal network infrastructure;
- Prepare and provide to DCH a draft requirement analysis document including all data repository(s) and component area operational requirements;
- Conduct a walk-through of the Requirements Analysis Document with DCH staff;
- Prepare the finalized Requirements Analysis Document and submit to DCH for approval;
- Establish complete database requirements and MIS structure, including interface engine specifications, overall architecture, and technology/specifications;
- Develop the logical and physical databases for the data repository(s);
- Establish the data repository(s), data center, and data communications network on the Prime Contractor's hardware;
- Prepare and provide to DCH a complete staffing plan for all components of the new DCH MIS;
- Work with DCH on planned re-engineering initiatives and integrate this and the DCH benefits realization plan into the Prime Contractor planning;
- ~~Using the approved methodology, develop all component area system applications and software ;~~
- Develop and test communication links between the System Integrator and all component area systems;
- Develop and test communication links between the Prime Contractor and DCH;
- Prepare and submit to DCH for approval the finalized data security, disaster recovery, and backup and recovery plan; and
- Conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Milestones

At a minimum, the following milestones have been identified for Stage II:

- DCH approval of the updated detailed implementation plan;

- DCH approval of the Requirements Analysis Document; which shall include all items identified below as deliverables, and incorporate an integrated re-engineering approach and benefits realization plan;
- DCH approval of staffing plan;
- Establish facilities for all MMIS components; and,
- DCH approval of finalized data security, disaster recovery, and backup and recovery plan.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage II:

- **Staffing plan:**
 - Updated detailed implementation plan, with an integrated re-engineering approach and benefits realization plan;
 - Updated detailed work plan for the next stage of the implementation plan;
 - MIS architecture specifications;
 - Design overview document;
 - Hardware/software platform configuration chart;
 - Internal data structures, data flow, and process flow diagrams;
 - Events and entity relationships with entity relationship diagram;
 - Comprehensive list of input files and tables;
 - Business information models for all component areas;
 - Information system models for all component areas;
 - Requirements analysis document component area functional requirements;
 - Finalized security, disaster recovery, and backup and recovery plan;
 - Weekly project status reports of project progress identified in the baseline work plan, including any quality assurance and corrective action plans; and
 - Conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Stage III:

Develop Preliminary and Detail Designs; Technical Construction; Create Test Plans; Start Design Documentation

During Stage III, the Prime Contractor (with subcontractors) will perform the following activities:

- Update the detailed implementation plan with integrated re-engineering approach and benefits realization plan, and obtain DCH approval of the changes;
- Provide a detailed description and presentation of the system architecture documentation for the data repository(s) and platform with GTA, DCH, and the BOR, and obtain approval of the proposed system design, development, and implementation methodology;
- Using the approved methodology, develop all component area system applications and software;
- Prepare and provide, for DCH approval, detailed design documentation for any specialty component systems and operations, and provide the documentation to GTA, DCH/BOR for approval;
- Provide a detailed description and presentation of the detailed design documentation for any specialty component systems and operations with DCH and obtain DCH approval for the detailed design;
- Prepare and obtain GTA, DCH/BOR approval of a complete testing plan for integration testing, acceptance testing, and operations readiness/operability testing;
- Prepare and obtain DCH/BOR approval of the final test scenarios and the data to be used in acceptance testing;
- Develop test plans for process designs;
- Prepare and provide documentation of the overall technical system architecture, the data views for the other subcontractors, the data dictionary, overall system operation, security, and automated interfaces. Each of the subcontractors will be responsible for providing the system documentation relevant to their individual applications. The Prime Contractor/Systems Integrator is responsible for coordinating documentation requirements with any subcontractors and ensuring that documentation is received according to documentation deadlines and is maintained up to date, stored using document imaging and workflow technology, and usable on the WAN and LAN networks; and
- Conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Milestones

At a minimum, the following milestones have been identified for Stage III:

- DCH/BOR approval of updated detailed implementation plans;

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- DCH/BOR approval of detailed design documentation;
- DCH/BOR approval of overall MIS operations testing plan; and
- GTA/DCH/BOR approval of system architecture documentation.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage III:

- Updated detailed implementation plans including integrated re-engineering approach and benefits realization plan;
- Updated detailed work plan for the next stage of the implementation plan;
- Detailed design documentation for each specialty component;
- Complete testing plan(s);
- Process design testing plan(s);
- System architecture documentation; and
- Weekly project status reports of progress based on the baseline work plan, including any quality assurance and corrective action plans.

Stage IV:

Test Individual Applications; Finish Design Documentation

During Stage IV, the Prime Contractor (with subcontractors) will perform the following activities:

- Update the detailed implementation plans, including an integrated re-engineering approach and benefits realization plan, and obtain DCH/BOR approval of the changes;
- Prepare and provide to DCH/BOR finalized system, procedural, and user documentation for all specialty components, including changes due to re-engineering and process design;
- Finalize the test plans for process design;
- Prepare and provide for DCH/BOR approval procedural manuals for performance of all component area functions, including re-engineering changes;
- Test application modules for each component area;
- Prepare and deliver application test results for DCH/BOR review and approval;
- Make corrections to application errors identified by DCH/BOR or its designated agent, based on the review of application module test results; and
- Conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Milestones

At a minimum, the following milestones have been identified for Stage IV:

- DCH approval of updated detailed implementation plans;
- DCH approval of system and user documentation for all MIS components;
- DCH approval of procedural manuals;
- DCH approval of process design testing plan; and
- DCH approval of application module system test results.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage IV:

- Updated detailed implementation plans;
- Updated detailed work plan for the next stage of the implementation plan;
- Finalized procedures documentation for all MIS components;
- Finalized user documentation for all MIS components, including re-engineering and benefits realization;
- Finalized system documentation for all MIS components;
- Finalized process design test plan;
- Application test results; and

- Weekly project status reports of project performance, including any quality assurance or corrective action plans.

Stage V:

Test Integrated System

During this Stage the Prime Contractor (with subcontractors) will perform the following activities:

- Update the detailed implementation plans and obtain DCH approval of all changes;
- Perform integration testing of all system components utilizing the interface engine; and
- Modify system design documentation and/or user documentation based on integrated system test results (if necessary).

Milestones

At a minimum, the following milestones have been identified for Stage V:

- DCH approval of the updated detailed implementation plans;
- Completion and documentation of system integration test;
- DCH approval of Integration Test Results;
- DCH approval of finalized system documentation; and
- DCH approval of finalized user documentation (modified if necessary based on test results).

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage V:

- Updated detailed implementation plans;
- Updated detailed work plan for the next stage of the implementation plan;
- Finalize system documentation for all MIS components;
- Finalized user documentation (modified if necessary based on test results); and
- Weekly project status reports of performance, including any quality assurance or corrective action plans.

Stage VI:

Finalize and Test Conversion Plan; Finalize Plan for Acceptance Testing

During Stage VI, the Prime Contractor (with subcontractors) will perform the following activities:

- Update the detailed implementation plans and obtain DCH approval of the changes;
- Perform initial data conversion from the current MIS to the new data repository(s). As data structures are refined, data conversion will be re-evaluated and constantly tested to ensure accurate codes and values as these are defined and used by the subcontractors;
- Finalize the testing plan and schedule for acceptance testing and operations readiness/operability testing. This test plan should outline the Prime Contractors approach to testing the entire MMIS, technical infrastructure and Medicaid operations, and reengineering approach; and
- At the first in-process review (IPR), conduct weekly status meetings and provide weekly status reports using the approved project management tools.

Milestones

At a minimum, the following milestones have been identified for Stage VI:

- DCH approval of the updated detailed implementation plans;
- DCH approval of the finalized acceptance testing and operations readiness/operability testing plan;
- Establishment of acceptance testing environment; and
- DCH approval of acceptance test scenarios.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage VI:

- Updated detailed implementation plans;
- Finalized Acceptance Testing and Operations Readiness/Operability Testing Plan;
- Test Scenarios for all acceptance testing and operations readiness/operability testing; and
- Weekly project status reports.

Stage VII:

Provide Plans for Training and Operational Readiness; Train Staff

During Stage VII, the Prime Contractor (with subcontractors) will perform the following activities:

- Update the detailed implementation plans and obtain DCH approval of all changes;
- Develop and provide, to DCH for approval, preliminary training plans for DCH and Prime Contractor staff which will include preparing both DCH and contractor staff for re-engineered processes;
- Train DCH and consultant staff who will participate in the acceptance testing;
- Schedule DCH, consultant, and Prime Contractor staff for the acceptance testing stage;
- Finalize acceptance testing checklist for all testing activities;
- Prepare acceptance test environment and load acceptance test data sets;
- Prepare training plans, procedures, user manuals, and process designs for re-engineering;
- Hire and train Prime Contractor staff for all MIS components in preparation for acceptance testing activities and operations; and
- Train all DCH staff in the operation of the new MIS and in the procedures for accessing and utilizing MIS data.

Milestones

At a minimum, the following milestones have been identified for Stage VII:

- DCH approval of the updated detailed implementation plans;
- DCH approval of preliminary training plans, which includes preparing staff for re-engineered processes;
- Completion of training for DCH and Prime Contractor staff who will participate in the acceptance testing; and
- DCH approval of final acceptance testing checklist for all test phases.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage VII:

- Updated detailed implementation plans;
- Updated detailed work plan for the next stage of the implementation plan;
- Training plans for DCH and subcontractor staff, which includes preparing staffs for re-engineered processes;
- Acceptance testing checklist; and

- Weekly status report of performance, including any quality assurance or corrective action plans.

Stage VIII:

Acceptance Testing; Final Design Changes; and Implementation

During Stage VIII, the Prime Contractor and his subcontractors will perform the following activities:

- Update the detailed implementation plans and obtain DCH approval for all changes;
- Establish and test all facility security and data security at all facilities;
- Conduct acceptance testing. DCH anticipates that the acceptance testing will be an iterative process of testing, correction, and re-testing, with test results provided to DCH. DCH will approve the test results as specific tests are conducted and the results are validated by DCH. When all acceptance testing results have been validated, DCH will provide written approval of the acceptance test;
- Provide acceptance test results to DCH for approval;
- Implement corrective action for all problems identified during acceptance testing
- Conduct operations readiness/operability testing. Approval of this testing will be conducted in the same manner as the approval process for the acceptance testing;
- Provide operations readiness/operability test results to DCH for approval
- Implement corrective action for all problems identified during operations readiness/operability testing;
- Conduct testing on process designs developed in concert with the MIS re-engineering project;
- Provide process design test results to DCH for approval;
- Modify any system, user documentation, training materials, process designs, or procedure manual for all changes based on test results. Deliver to DCH for review and approval;
- Establish and test the production environment;
- Perform final data conversion and provide DCH with the results for approval;
- Notify providers of the change to the new MIS and any changes in billing procedures;
- Verify that all telecommunications and telephone lines for providers and members are operational;
- Prepare and submit, to DCH and HCFA for approval, the final cost allocation plan. The cost allocation plan must address the separation of any additional administrative costs associated with processing claims for CHIP eligible members;
- Obtain DCH approval to begin operations;
- Begin operations;
- Develop and obtain DCH approval of a post-implementation evaluation plan; and
- Establish the post-implementation evaluation team.

Milestones

At a minimum, the following milestones have been identified for Stage VIII:

- DCH approval of updated detailed implementation plans;
- Completion of the process design for re-engineering testing;
- Completion of acceptance testing;
- DCH approval of acceptance test;
- DCH approval of the process design for re-engineering testing;
- Completion of operations readiness/operability testing;
- DCH approval of operations readiness/operability testing;
- DCH approval of any changes to system, user documentation, or procedures manuals based on test results;
- Establishment of production environment;
- DCH approval of final data conversion;
- Completion of training for all DCH, Prime Contractor, and subcontractor staff;
- DCH approval to begin operation;
- DCH approval of post implementation evaluation plan;
- DCH approval of final cost allocation plan;
- HCFA approval of cost allocation plan; and
- DCH approval of MIS certification plan.

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage VIII:

- Updated detailed implementation plans;
- Updated detailed work plan for the final phase of the implementation plan;
- Re-engineering process design test results;
- Acceptance test results;
- Operations readiness/operability test results;
- Modified, final user, system documentation, procedures, and process manuals based on test results from acceptance testing;
- Formal application to DCH for award of operational status;
- Finalized cost allocation plan;
- Post implementation evaluation plan;
- MIS certification plan; and,
- Weekly status report of performance, including any quality assurance or corrective action plans.

Stage IX:

Post Implementation Evaluation; Corrections; Support Certification Process; HCFA Certification of the MIS

During Stage IX, the Prime Contractor (with subcontractors) will perform the following activities:

- Update the final detailed implementation plans and obtain DCH approval for the changes;
- Conduct the post-implementation evaluation according to the approved plan including a re-engineering and benefits realization assessment;
- Produce a post-implementation evaluation report with includes a re-engineering and benefits realization assessment;
- Produce and implement a post-implementation corrective action plan;
- Implement corrections;
- Develop and obtain DCH approval of MIS certification plan;
- Prepare MIS certification documentation; and
- Provide support to DCH and HCFA staff during certification activities.

Milestones

At a minimum, the following milestones have been identified for Stage IX:

- DCH approval of the updated detailed implementation plans;
- Completion of the post-implementation evaluation according to the approved plan, which includes a re-engineering and benefits realization assessment;
- Completion of a post-implementation evaluation report, which includes a re-engineering and benefits realization assessment;
- Production and implementation of a post-implementation corrective action plan;
- Implementation of corrections; and
- HCFA certification of the MIS. **NOTE: Five percent (5%) of the final 20% payment will be withheld pending HCFA certification of the MIS.**

Deliverables

The Prime Contractor will provide the following deliverables to DCH during Stage IX:

- Final detailed implementation plans;
- Final detailed work plan for post-implementation;
- Approved post-implementation evaluation plans;
- Post-implementation evaluation report, including re-engineering and benefits realization assessments;

- Post-implementation corrective action plan;
- Post-implementation corrections; and
- Weekly status reports of performance.

Attachment 4

Appendix I—Performance Standards and Goals

Performance Standards and Incentives

The Prime Contractor will be subject to meeting performance standards. A comparison of the Prime Contractor's performance against these standards will be made periodically at a frequency to be specified by the DCH/BOR, but not more frequently than monthly. Depending on its level of performance, the Prime Contractor may either be assessed liquidated damages or reductions in reimbursement, or may be paid incentive payments, as specified in this **Appendix I** and in the contract **Appendix N**.

More specifically, if the Prime Contractor fails to meet minimum standards of performance, then DCH may assess liquidated damages and/or reductions in reimbursement, as described below.

Note that DCH may recover liquidated damages as set for in this Appendix and compensatory damages either by withholding them from payments to the Prime Contractor or by recovering them from the Prime Contractor. For the purpose of this Appendix, compensatory damages means the cost of interim services provided by the incumbent vendor, or in the sole and absolute discretion of DCH as a substitute vendor, for all Plans and any penalties assessed by the Federal government. If the Prime Contractor owes monies to the state, incentive payments will first be used to reduce the amount owed to the state prior to being dispersed to the Prime Contractor. In the event that the Prime Contractor is not eligible for incentive payments, monies owed to the state will be deducted from the Prime contractor's invoice.

Further, in certain cases as described below, if the Prime Contractor achieves outstanding levels of performance, then DCH may make incentive payments to reward the Prime Contractor for that performance.

DCH may recover either liquidated damages or reductions in reimbursement either by withholding payments to the Prime Contractor or by recovering them from the Prime Contractor. If the Prime Contractor owes monies to the state, incentive payments will first be used to reduce the amount owed to the state prior to being dispersed to the Prime Contractor. In the event that the Prime Contractor is not eligible for incentive payments, monies owed to the state will be deducted from the Prime Contractor's invoice.

The Prime Contractor will be expected to implement and operate an ongoing program for measuring and reporting its performance and the performance of its subcontractors to the DCH/BOR against these standards. The DCH/BOR will specify standard performance measurement reports to be prepared by the Prime Contractor's quality assurance staff. The DCH/BOR may also audit these reports or have a qualified third party perform audits of Prime Contractor performance at its sole discretion. These audits may be used to validate the results of

the Prime Contractor audit. The Prime Contractor will be accountable for resolving any disagreements between the Prime Contractor and the independent auditor that arise from an independent audit.

Further, as explained below under “Cost Savings Incentives,” the DCH/BOR will provide incentives to the Prime Contractor to help the DCH/BOR reduce costs.

Implementation and Systems Architecture Performance Guarantee

I. Intent

The intent of this section is to establish measurable goals for the timely and successful implementation of the claims administration capabilities, including the attainment of the key procurement objectives described in Sections 1 and 3 of the RFP.

NOTE: The performance standards depicted below in Section II *apply specifically to the timeliness and success with which the contractor implements claims administration capabilities*. Note that these standards are somewhat *less stringent* than those depicted later under the section titled “Claims Administration Performance Guarantee.”

II. Performance Standards

Each of the following Performance Standards will be measured separately for the SHBP, BORHP, and Medicaid/PeachCare for Kids.

- A. Goal: Successful implementation of ongoing support for Medicaid and PeachCare for Kids claims administration and customer services by October 1, 2002.

The consequences for failure to successfully implement will equal liquidated damages of \$10,000 per day. For the purposes of this performance standard, “successful implementation” means attainment of all of the following objectives in each month of Medicaid and PeachCare for Kids production operations:

Performance Standards For Successful Implementation and Ongoing Support for Claims Administration and Customer Services by October 1, 2002				
Medicaid/PeachCare Performance Standard	October 2002	November 2002	December 2002	January 2003 and each month or quarter thereafter
Financial Accuracy	97%	97%	97%	98%
Claim Payment Accuracy	93%	93%	93%	95%
Claims Throughput	90%	100%	100%	100%
Autopay Rate	70%	80%	80%	80%
Customer Service Support	60%	70%	70%	70%

Performance Standards For Successful Implementation and Ongoing Support for Claims Administration and Customer Services by October 1, 2002				
Medicaid/PeachCare Performance Standard	October 2002	November 2002	December 2002	January 2003 and each month or quarter thereafter
Performance Standard 1				
Customer Service Support Performance Standard 3	10%	7.5%	5.0%	5.0%
Customer Service Support Performance Standard 4	3%	2%	2%	2.0%

“Financial Accuracy,” “Claim Payment Accuracy,” and “Customer Service Support Performance Standards 1, 3, and 4” are defined below under “Claims Administration Performance Guarantee.” Note that for performance standard purposes, financial accuracy and claims payment accuracy are measured quarterly.

“Claims Throughput” means the number of claims paid, denied, or properly suspended as a percentage of the average claims receipts to be processed by the Prime Contractor at the time of implementation.

“Autopay Rate” means the number of claims that are automatically paid or denied by the system and do not require suspension or intervention by claims examiners.

- B. Goal: Successful implementation of ongoing support for SHBP claims administration and customer services on or before July 1, 2003, and substantial performance of BORHP claims administration and customer service on or before January 1, 2004.

The consequences for failure to successfully implement will equal liquidated damages of \$10,000 per day. For the purposes of this performance standard, “successful implementation” means attainment of all of the following objectives in each month of SHBP and BORHP production operations:

Performance Standards For Successful Implementation and Ongoing Support for Claims Administration and Customer Services by July 1, 2003 (SHBP), or January 1, 2004 (BORHP)				
SHBP/BORHP Performance Standard	July 2003 January 2004	August 2003 February 2004	September 2003 March 2004	October 2003 April 2004 and each month or quarter thereafter
Financial Accuracy		97%		98%
Claim Payment Accuracy		93%		95%
Claims Throughput	90%	100%	100%	100%
Autopay Rate	40%	50%	50%	50%

Performance Standards For Successful Implementation and Ongoing Support for Claims Administration and Customer Services by July 1, 2003 (SHBP), or January 1, 2004 (BORHP)				
SHBP/BORHP Performance Standard	July 2003 January 2004	August 2003 February 2004	September 2003 March 2004	October 2003 April 2004 and each month or quarter thereafter
Customer Service Support Performance Standard 1	60%	70%	70%	70%
Customer Service Support Performance Standard 3	10%	7.5 %	5.0%	5.0%
Customer Service Support Performance Standard 4	3%	2%	2%	2.0%

- C. Goal: Access and ability to consolidate all DCH production data for all populations other than the BOR on a real-time basis by October 1, 2003. Access and ability to consolidate all BOR production data with data from the other DCH populations on a real-time basis on or before January 1, 2004.

The consequences for failure to provide the ability to consolidate at least eligibility and claims data (both current values and history) in real-time for all support populations will equal liquidated damages of \$10,000 per day of delay.

- D. Goal: Achieve HIPAA compliance for Transaction and Code Sets Standards and produce an implementation work plan with a critical path for achieving timely privacy, security, and identifiers standards compliance for Medicaid and PeachCare for Kids health plan operations by October 1, 2002; HIPAA compliance for SHBP by the time of implementation (but not later than July 1, 2003); and HIPAA compliance for BORHP on or before January 1, 2004.

The consequences for failure to achieve compliance will equal payment of all fines and penalties assessed by HCFA for lack of compliance.

- E. Goal: Provide single, electronic point of entry for all HIPAA transactions, including web-based interactive and system-to-system interfaces. Availability of this single, electronic point of entry should be made available as follows: for all Medicaid and PeachCare members and providers by October 1, 2002; for all SHBP members and providers by the time of implementation, but no later than July 1, 2003; and for all BORHP members and providers no later than January 1, 2004.

The consequences for failure to provide such support will equal liquidated damages of \$1,000 per day of delay for each HIPAA transaction not supported via a single electronic point of entry.

- F. Goal: Achieve certification of the information systems used by the Prime Contractor to support DCH's health plan operations as a "Medicaid Management Information System" (MMIS) by the HCFA by the time HCFA evaluates the information systems (expected to occur in the first or second quarter of 2003). NOTE: DCH recognizes that, given that this procurement is seeking innovative and creative information systems and architectures, the systems implemented may not meet traditional definitions of an MMIS. Given this, DCH will commit to work in good faith with the Prime Contractor to negotiate a revised, suitable definition of an MMIS with HCFA.

The consequences for failure to achieve full or partial MMIS certification will equal 50 percent of the loss of federal funding under the Federal Funding Program (FFP) of the Design, Development, and Implementation (DDI) costs.

- G. Goal: Implementation of the MEMS replacement system by 7/01/2002

The consequences for failure to implement the MEMS replacement system support will equal liquidated damages of \$10,000 per day of delay.

- H. Goal: Provision of Open Enrollment support for SHBP and BORHP by the dates indicated in RFP Section 3.5, Deadlines.

The consequences for failure to provide Open Enrollment support will equal liquidated damages of \$10,000 per day of delay.

Management of Subcontractors Performance Guarantee

I. Intent

The intent of this section is to establish quantifiable methods of measuring the effectiveness of the Prime Contractor's management of the DCH/BOR's overall health plan operations, including the Prime Contractor's subcontractors. Further, it is the intent of this section to provide the Prime Contractor with incentives to implement successful cost savings initiatives by making incentive payments based upon those savings to the Prime Contractor.

II. Performance Standards, Consequences, and Cost Savings Incentives

Each of the following Performance Standards will be measured separately for the SHBP, BORHP, and Medicaid/PeachCare for Kids.

- A. Effectiveness Measure: Member and Provider Satisfaction

Performance Standard: DCH and the Prime Contractor will agree upon a member and provider satisfaction survey employing Likert-type scales. After the first six months of operation for a given population (i.e., Medicaid and PeachCare for Kids or SHBP and

BORHP), member and provider satisfaction survey results will show levels of satisfaction for the service support aspects of the program. The levels of satisfaction with these services must be at least as high as three months before the Prime Contractor initiates support for the population. Subsequently, satisfaction surveys conducted every six months will show statistically measurable (using a 10 percent level of significance in a single-tailed test) improvements in satisfaction. The DCH/BOR and the Prime Contractor will agree on a mutually acceptable survey instrument, sample process, and survey timeframe. The survey will be performed, and the results will be tabulated and reported directly to the DCH/BOR by an independent third party. The cost of the survey should be included in the Prime Contractor's administrative fees.

The consequences for failure to meet the standard will result in the assessment of liquidated damages in the amount of five percent of the Fee for Managing Contractors for the relevant benefit programs for the measured six-month period. (Note: DCH acknowledges that it is possible that, over time, it may become infeasible to continue to significantly increase levels of satisfaction once excellent levels of satisfaction are achieved, which will be defined by DCH and the Prime Contractor when the survey instrument, sample process, and survey timeframe are designed. If this occurs, DCH will not assess this fee reduction.)

However, if the Prime Contractor achieves statistically measurable improvements in satisfaction using a 5 percent significance level in a single-tailed test, then the Prime Contractor will receive an additional payment equal to five percent of the Fee for Managing Contractors for the relevant benefit programs for the measured six-month period.

B. Effectiveness Measure: Use of Management Best Practices

Performance Standard: Prime Contractor will comprehensively employ management best practices for all health plan operations and contractors under its responsibility, including the use of:

- Steering Committee meeting at least monthly;
- Operations Committee meeting at least weekly by phone and monthly face-to-face;
- Comprehensive work plans, issue and decision tracking system, and written weekly updates to the DCH/BOR management; and
- Comprehensive communications and documentation strategy, including use of web-based document server.

The consequences for failure to meet standard will equal five percent of the Fee for Managing Contractors for the measured monthly period, unless DCH previously approves deviations from this standard in writing.

III. Cost Savings Incentive Payments

On an on-going basis, DCH may ask the Prime Contractor to implement cost savings initiatives. To the extent that these initiatives are able to produce significant, measurable **net** cost savings, DCH may request that the Prime Contractor reduce its fees in recognition of those **net** cost savings. However, as an incentive to the contractor to effectively implement the cost savings initiatives, DCH will make incentive payments equal to five (5) percent of the administrative (i.e., non-medical) **net** cost reductions to the DCH/BOR achieved by the Prime Contractor and passed through to DCH. Assuming that these initiatives continue to produce cost savings over time, then the Prime Contractor will receive these incentive payments for the life of the contract, or as long as the initiative is still relevant to accomplishing the overall DCH/BOR business function, whichever is achieved first.

Cost savings initiatives occur after the system has been implemented and is in operation. DCH **will consider paying for** proposals from the Prime Contractor that are aimed at providing DCH with Prime Contractor vendor administrative cost savings, which include a reduction in the monthly fee paid to the prime contractor. As stated in the RFP, DCH will share 5 percent of the administrative savings with the Prime Contractor for accepted proposals.

DCH will negotiate reductions in the Prime Contractor's fees that are the result of cost savings initiatives. If DCH requests the vendor to reduce fees for cost savings initiatives, an amendment to the contract will be created for signature.

Claims Administration Performance Guarantee

I. Intent

The intent of this section is to establish quantifiable expectations relative to specific areas of plan claims administration. The Prime Contractor's performance against these expectations can then be factored into the DCH/BOR's analysis of administration quality.

The Prime Contractor and the DCH/BOR agree to the following consequences for failure to achieve the performance targets and resulting administration fee charge adjustments as provided for in the Agreement. Results will be calculated from monthly **or quarterly (as specified below)** performance guarantee audits to be conducted by the Prime Contractor. All claims accuracy audits shall consider a **stratified** random sample **of a sufficient number** of the total claims processed during the applicable **month to produce the levels of precision and statistical significance specified below,** selected **using the Neyman allocation method for stratified sampling, or another** methodology previously approved by the DCH/BOR. The Prime Contractor will present the results of its audit within **15** calendar days following the end of the month.

The results of each monthly audit will be reviewed in detail with the DCH and BOR prior to final calculation of performance results. Each party will be given an opportunity to address any error and either concur or disagree with the findings of the audit. A third party, who is agreeable to both parties, may be used to decide whether or not an error will be charged if the DCH and/or the BOR and Prime Contractor cannot agree on any single item.

The DCH may reduce the value of administration fee payments to the Prime Contractor either prospectively or retrospectively at the DCH/BOR's sole discretion to the extent that the Prime Contractor is subject to consequences under the contract for failing to meet one or more performance standards during a given time period. Financial consequences will be based on a percentage of the administration fees due to the Prime Contractor for the same billing month(s) for which performance was measured.

II. Performance Standards

Each of the following Performance Standards will be measured separately for the SHBP, BORHP, and Medicaid/PeachCare for Kids. In most cases, both a "Minimum Performance Standard" and a higher "Incentive Payment Performance Standard" are listed. As described in the introduction to Appendix I, failure to meet a Minimum Performance Standard may result in a reduction in reimbursement, while achievement of an Incentive Payment Performance Standard will result in the payment of an incentive payment to the Prime Contractor.

A. Financial Accuracy

Minimum Performance Standard: 99 percent
Incentive Payment Performance Standard: 99.5 percent or higher

Financial Accuracy percentage will be calculated as the weighted average of absolute dollars paid correctly as determined by a financially stratified sampling methodology. The Neyman allocation method for stratified sampling will be used to provide a level of precision of 0.5 percent at the 95 percent confidence interval over a three-month period. For performance standard purposes, this standard will be measured over the course of each calendar quarter; the point estimator of Financial Accuracy for this time period will be used to determine reductions or increases in payments to the Prime Contractor.

B. Claim Payment Accuracy

Minimum Performance Standard: 97 percent
Incentive Payment Performance Standard: 98.5 percent or higher

Claim Payment Accuracy percentage will be calculated as the weighted average of claims paid correctly as determined by the financially stratified sampling methodology described under A. Financial Accuracy. Only underpaid or overpaid claims which result solely from the failure of the Prime Contractor to properly process same are considered

in this calculation. A single claim will be deemed to have no more than one error for calculating this accuracy category. For performance standard purposes, the measurement will be computed each calendar quarter and the point estimator of Claim Payment Accuracy for this time period will be used to determine reductions or increases in payments to the Prime Contractor.

NOTE: In the event of an identified overpayment caused by the Prime Contractor, the DCH/BOR will request payment directly from the Prime Contractor and will require the Prime Contractor to recoup the funds from the providers.

C. Claim Turnaround Time:

Minimum Performance Standard 1:	100 percent of Clean Claims paid or denied within 14 days of receipt
Minimum Performance Standard 2:	99 percent of all Claims paid or denied within 30 calendar days of receipt
Incentive Payment Performance Standard:	No Incentive Payment Performance Standard has been set

The calculation for the Claim Turnaround Time percentage will be measured on the percentage of all Clean Claims processed within the number of calendar days from the date of receipt as listed above. Performance Standard will be tolled with respect to a claim during the period the claim is suspended for information outside the Prime Contractor's claims processing system or scope of responsibility or control (i.e., review by other organizations not integrated into processing system). A "Clean Claim" means a claim that is properly completed and contains all required data elements necessary for processing.

D. Customer Service Support

For all provider and member calls:

Minimum Performance Standard 1:	80 percent or more of calls answered within 30 seconds
Incentive Payment Performance Standard 1:	90 percent or more of calls answered within 30 seconds
Minimum Performance Standard 2:	90 percent of open inquiries responded to adequately and closed within 72 hours.
Incentive Payment Performance Standard 2:	95 percent or more of open inquiries responded to adequately and closed within 72 hours.
Minimum Performance Standard 3:	abandoned rate of calls is not more than three percent.

Incentive Payment Performance Standard 3: abandoned rate of calls is two percent or less.

Minimum Performance Standard 4: busy out rate is not more than one percent.

Incentive Payment Performance Standard 4: busy out rate is zero percent.

For all written correspondence:

Minimum Performance Standard: 100 percent of written correspondence is mailed to the provider or member with adequate answers within 72 hours.

Incentive Payment Performance Standard: 100 percent of written correspondence is mailed to the provider or member with adequate answers within 24 hours.

For all e-mail or electronic responses to provider and member queries:

Minimum Performance Standard: 100 percent of all e-mail or other electronic responses to provider and member queries are completed with adequate answers within 72 hours.

Incentive Payment Performance Standard: 100 percent of all e-mail or other electronic responses to provider and member queries are completed with adequate answers within 24 hours.

Consequences for Failure to Meet Minimum Performance Standard or Additional Payment for Meeting Incentive Payment Performance Standard:

Performance Measure	Reduction or Increase* in Prime Contractor Monthly Invoice
Financial Accuracy	2.5%
Claim Payment Accuracy	1.5%
Claim Turnaround Time 1	1.5% **
Claim Turnaround Time 2	1.5% **
Customer Service Support 1	2.0%
Customer Service Support 2	2.0%
Customer Service Support 3	1.0%
Customer Service Support 4	1.0%
Customer Service Support–Written Correspondence	1.0%
Customer Service Support–Electronic Correspondence	1.0%

Notes to Table:

* To be eligible for an incentive payment, the Prime Contractor must have instituted accurate and credible measures of its performance, with the approval of DCH

** No Incentive Payment Performance Standard has been set for this item

The failure to meet a Minimum Performance Standard, as specified herein, will result in a reduction in the Prime Contractor's monthly invoice(s) as shown above for the relevant benefit program (Medicaid/PeachCare for Kids, SHBP, or BORHP). The DCH/BOR will receive credit for the assessed sum.

Success in meeting an Incentive Payment Performance Standard, as specified herein, will result in an increase in the Prime Contractor's monthly invoice as shown above for the relevant benefit program (Medicaid/PeachCare for Kids, SHBP, or BORHP).

Maintenance and Support

I. Intent

Throughout the term of the contract, Prime Contractor will provide the following software support services as part of the fees bid in Appendix L.

- Software support and error correction,
- Updates and enhancements,
- Support for third party systems, and
- Problem resolution.

II. Performance Standards and Consequences

A. Software Error Correction

Performance Standard: At no additional cost to DCH, Prime Contractor will use its best efforts to correct any reproducible errors. A reproducible error is defined as any problem that causes the software not to operate in accordance with its documentation or DCH program administration procedures. Prime Contractor will provide DCH a weekly report of the status of the correction of errors that have been identified by DCH, the Prime Contractor, its subcontractors, or any other entity.

B. Software Support

Performance Standard: Prime Contractor's personnel will be available to DCH on a 24 hour per day, seven day per week (24/7) basis by phone and during normal business hours in person to answer questions regarding the use of the systems and to help DCH identify, verify, and resolve problems with the systems.

C. Support for Updates and Enhancements

Performance Standard: Prime Contractor shall provide DCH with copies of any routine updates or enhancements to the systems that it may make and release on a general basis during the term of this contract. These updates and enhancements shall be made available to DCH at no additional cost during the term of the contract.

D. Support for Third Party Systems

Performance Standard: Prime Contractor will act as the first line of support and will coordinate all support processes pertaining to the use of any third party software or hardware products used to support the scope of services defined in this RFP.

E. Support for Problem Resolution

Performance Standard: For no additional cost, Prime Contractor will adhere to the following schedule (see table below) in resolving errors or problems with the systems as classified by DCH, including, but not limited to, responding to DCH within the indicated response time, and using best efforts to resolve the problem by the end of the resolution objective.

The consequences for failure to adhere to the following schedule and to provide expected levels of maintenance and support for all programs will equal liquidated damages of \$1,000 per day of delay for each feature not supported.

ERROR RESOLUTION SCHEDULE			
Priority	Response Time	Resolution Objective	Description
1	1/2 hour	8 hours	A Priority 1 error is defined as a reproducible fault in the system that causes an abnormal end of processing, substantially preventing routine production tasks from being performed, and for which no operational workarounds are available. The Prime Contractor will use its best efforts to correct the problem and will provide all appropriate resources twenty-four (24) hours per day, seven (7) days a week until the problem is successfully resolved.
2	8 hours	3 days	A Priority 2 error is defined as a reproducible fault in the system which substantially impacts production tasks, but for which effective operational workarounds may be employed. The Prime Contractor will use its best efforts to correct the problem. Further, while the problem is being corrected, the Prime Contractor will compensate for the problem using an appropriate operational workaround. The Prime Contractor will provide appropriate error correction resources up to twelve (12) hours per day, six (6) days a week until the problem is successfully resolved.
3	48 hours	Quarterly	A Priority 3 error is defined as a reproducible error that has a minor impact on production tasks and for which operational workarounds are easily employed. The Prime Contractor will address a problem of this severity as part of routine maintenance during normal business hours; while the problem is being corrected, the Prime Contractor will compensate for the problem using an appropriate operational workaround.

System Response Time

I. Intent

Throughout the term of the contract, Prime Contractor will assure the following system response times as part of the fees bid in Appendix L.

II. Performance Standards and Consequences

A. Response Time Within The Same Subnet:

Average response time of less than four seconds

B. Scheduled Downtime:

Four (4) hours or less per week, with scheduled downtime occurring on weekends

C. Unscheduled Downtime:

One percent (1%) or less

These standards will be measured on a weekly basis. The consequences for failure to adhere to the above response time standards for all programs will equal liquidated damages of \$5,000 per week for each standard not supported.